

A Work Project, presented as part of the requirements for the Award of a Masters Degree in
Management from the NOVA – School of Business and Economics.

BUSINESS PLAN FOR THE BRAND MY TEA BREAK

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#1065

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1. Executive Summary

My Tea Break (MTB) is an online shop that sells a unique range of loose-leaf tea. The company is at the beginning of its expansion strategy (it started in 2011). The aim of this work project is to develop a business plan for *MTB* for the next five years in Portugal. For this purpose, a description of the product will be given, followed by an extensive analysis of the Portuguese market to find opportunities to capture value. Then, potential consumers will be divided in different clusters, a specific segment will be targeted and a brand positioning will be defined to reach this target. Finally, a communication plan will be proposed, as well as an implementation plan. It was concluded that *MTB* has a great potential to succeed in the Portuguese market.

Key Words: *My Tea Break, Blog, Tea, Hot Drinks Market*

2. Methodology

Firstly, there were meetings with both *MTB* co-founders, Tânia and Mariana. Then, a regular contact was kept by e-mail throughout the work in order to fully understand the company. After describing the product idea, it was performed a deep analysis of the Portuguese market¹, by using specialized reports (Euromonitor), consulting websites, conducting in-depth interviews and analyzing the answers of an online survey. All the analysis was supported with theoretical background.

¹ During these meetings it was agreed that the study would be focus on the Portuguese market, as it is brand's strategy to build a strong position in Portugal, before expanding to other markets (this does not obviously means that *MTB* refuses worldwide orders).

3. Background

MTB was born after many long conversations between two friends. These conversations were quite often accompanied by a cup of tea.

Mariana and Tânia were both working in London and realized that tea was one of those things that made them relaxed and escape from daily stress and, at the same time, made them feel re-energised. They become tea lovers and, together with the pleasure of drinking tea, came the interest to learn more about tea and do something different. They started their blog² in February 2011 as a way of sharing knowledge and experiences and learn with other tea lovers. Through the blog the two friends had the chance of meeting wonderful people, including tea farmers and tea connoisseurs, tasting many different teas and visiting tea plantations. Consequently, Tânia and Mariana decided that the next step would be to launch their own online teashop³ (October 2012)⁴.

3.1. Vision

To establish *MTB* as one of the premier suppliers of finest tea; to build an online place where people can come to find and discover everything about tea, share their experiences and make their comments.

3.2. Mission

To increase the number of people drinking high quality tea in Portugal through the online shop and help them find their tea break – a moment and a ritual of tranquillity through a cup of tea.

² For more information about the blog please consult <http://blog.myteabreak.com/>.

³ For more information about the online shop please consult <http://myteabreak.goodsie.com/>.

⁴ Nowadays, their shop offers three kinds of loose-leaf tea: black, white and green tea (Exhibit 1).

3.3. Strategies Options

The main goal of the brand is to reach 25.000 (10% of the target) consumers drinking *MTB*'s teas in Portugal by the year 2014, with an expected growth rate of 5% per year⁵.

In order to achieve this objective there were defined three main strategies:

1) Build strong relationships with tea farmers

In this particular business, research plays a crucial role. Understanding who the best tea suppliers are and where they are located is not an easy task and requires time. Currently, *MTB* only has one trustworthy supplier – *Canton Tea Company*⁶ - but, as the business grows, the brand intends to increase the number of quality suppliers.

2) Provide the best online tea shopping experience to the customers

MTB wants to be considered the best online shop on the Portuguese market. For this purpose, the company offers a unique range of loose-leaf tea with health benefits, with all the necessary tips for preparation included. Teas are delivered in a fast way.

3) Create a community of tea lovers through the blog and social media channels

The brand strongly believes in the blog as a tool to create a community of tea lovers. Thus, the blog plays an important role, as it has been allowing to share knowledge, promote new tea experiences and clarify eventual doubts⁷.

4. Understanding the Environment

In order to profitably satisfy consumer needs, it is crucial to understand the external environment, through an extensive analysis of the Portuguese market⁸, as well as the internal situation of the company. Therefore, the 5C's framework (context, customers,

⁵ This means approximately 32.000 customers. As already explained, the brand will focus on the Portuguese market, but this not means that *MTB* does not sell worldwide. However, expected international revenues will not be considered in this work project.

⁶ It will be given a description of *Canton Tea Co.* in other section.

⁷ Please consult Exhibit 2 to see a snapshot of the main topics discussed in the blog.

⁸ The analysis of the Portuguese market is aligned with the strategic options defined in the previous section.

competitors, company and collaborators) will be used to describe both external and internal situation.

4.1. External Audit

In this section an analysis of the **context** of the Portuguese market was performed, in order to show how recent political, economic, cultural, social and technological trends have been affecting the consumption of hot drinks in Portugal. Then, to understand hot drinks **consumer's** profile in Portugal, qualitative and quantitative researches were conducted. Finally, the main *MTB's* **competitors** were described (what are their strengths and weaknesses, portfolio of products and position in the market).

4.1.1. Context

a) Political and Economic

Throughout the last few years Portugal has been suffering a serious crisis that has been affecting the economy and has led to poor living conditions. Unemployment has been increasing at a high rate reaching 16.9% (INE, 2013) and, as a result, bargaining power has been severely reduced. This has led to a decline in total sales in most economic food/beverage sectors and the hot drinks market has been no exception⁹. On the other hand, private labels have been gaining power and are becoming more and more popular in Portugal due to their good quality/price ratio¹⁰.

b) Social and Cultural

As a consequence of the economic downturn, new consumption patterns have been appearing. Firstly, the Portuguese population has always been used to frequenting bars, *cafés* and restaurants. Nowadays, they are spending less time and money in these places,

⁹ "Due to the depth of the economic crisis, hot drinks total volume sales decreased in 2011". (Euromonitor, 2012a)

¹⁰ "Private label products offer reasonable quality, low prices and are widely available, these being the main reasons for their growing popularity". (Euromonitor 2012a)

preferring to stay at home¹¹. This stay-at-home trend has been helping to sustain sales in the retailing channel, as it offers a huge variety of products at reasonable prices¹². Secondly, the innovation of coffee pods is having a great success in Portugal¹³, since they are more convenient.

From a health perspective, and according to the Organisation for Economic Co-operation and Development (OECD), Portugal has the third highest number of overweight and obese population over 15 years old in Europe, accounting for 52% of the population. Fortunately, the Portuguese are becoming more conscious of this situation, focusing their eating habits on healthier alternatives¹⁴. The increase in sales of both green and herbal teas¹⁵ and the appearance of organic coffee have been sustaining this trend.

c) Technological

Internet is gaining significant power all over the world and Portugal is no exception. Household Internet consumers have increased by 26% in Portugal from 2005 to 2011 (OECD, 2013): people are changing their consumer habits, using the Internet as a faster, more efficient, and cheaper tool.

With the rapid advances in technology, the E-business market has been growing throughout the years, playing an important role in the today world's economic development.

¹¹ "The hectic pace of urban life, limitations on free time due to longer working hours and the adoption of a more individualistic lifestyle are all resulting in a growing number of people staying at home". (Euromonitor, 2012a)

¹² For further information about the evolution of sales in both channels please check the Exhibit 3.

¹³ "Coffee pods continue to expand in Portugal, being the most exciting innovation in the industry in recent years, with retail value sales growing by around 64% in 2011". (Euromonitor, 2012a)

¹⁴ "Portuguese consumers are therefore increasingly demanding natural and healthy products, either to maintain their health or lose weight". (Euromonitor, 2012a)

¹⁵ For further information about tea sales please consult Exhibit 4.

Firstly, through the E-business, the market is available 24 hours a day. In fact, Internet access is now available wherever work is conducted, at a desk or off-site (e.g. through mobiles).

Secondly, companies have been finding an efficient way to reduce costs, mainly by optimizing the products and services distribution chain (the product can now be delivered to the consumer without intermediaries: the major cost reduction benefit to the market).

Finally, the purpose of any business is to find new clients and create engagement. E-business addresses both these aspects, by offering better purchase experiences to the buyer. Moreover, this type of business enables, if successful, the creation of a loyal community. This virtual community is critical to customer retention.

4.1.2. Customers

Market Size

Concerning the number of potential hot drink buyers in Portugal, it is just being considered the population from 24 to 60 years old¹⁶. Portugal has approximately 10,5 million habitants (INE, 2011) of which 5 million are 24 to 60 years old¹⁷.

Methodology

There were conducted 20 in-depth interviews in Portuguese (qualitative research) of approximately 30 minutes on two different age groups: 24 to 45 and 46 to 60 years old. Additionally, there was developed an online survey (quantitative research) with a total of 292 completed answers.

a) Qualitative Research

¹⁶ This age group is familiar with online tools and has already economic independence to buy products for their own.

¹⁷ In the marketing strategy (targeting), the size of the target will be defined.

The aim of this research was to understand what type of hot drink consumer the interviewee was, his behaviour and his relationship with each hot drink. By analysing the results, there were found several similarities and differences between each age group¹⁸.

Main Similarities

Some similarities were found between both segments, besides age differences: (i) the interviewees considered themselves as heavy consumers of hot drinks, being both coffee and hot tea the most preferable ones; (ii) both drinks – coffee and hot tea – are not strongly substitutes: people usually do not drink less coffee to drink more tea and vice versa; (iii) these products are mainly drunk at home or in the office and bought in the supermarkets (*Lipton*, *Nespresso*, *Tetley* and *Delta* are the most preferred brands); (iv) in both segments the interviewees preferred green tea and tisanes, although they did not recognise the differences between the two drinks, perceiving tisanes as tea¹⁹; (v) taste was the most valued attribute; (vi) they were not used to buy these products via online; (vii) the most used social media networks were Facebook and Twitter.

Main Differences

In the younger segment (24 to 45 years old) all the interviewees said they drank hot tea regularly: (i) 70% said they preferred tea instead of coffee due to health benefits, taste and flavour; (ii) 30% of the respondents considered themselves as hot tea drinkers; (iii) on average, they drank hot tea twice a day.

On the other hand, the older segment (45 to 60 years old) is used to drink more coffee than the first one. All respondents said that they drank coffee: (i) 60% said they prefer

¹⁸ To see the structure of the interview please consult the Exhibit 5.

¹⁹ In order to understand the differences between tea and tisanes please consult the Exhibit 6.

coffee to hot tea; (ii) 30% considered themselves as coffee drinkers; (iii) on average they drank more than two coffees a day²⁰.

b) Quantitative Research

The quantitative research was the second stage of the consumer study. The goal was to quantify the major tendencies found in the first stage of the research. There were grabbed 292 complete answers, gathered through two main online channels: Facebook and e-mail. This research confirmed the main tendencies of the qualitative one²¹.

4.1.3. Competitors

The hot drinks market is very competitive in Portugal and there are several players competing between each other to guarantee a good position in the market²². In this section, four groups of *MTB* competitors were identified: mainstream brands, international tea brands represented in tea houses and gourmet shops, niche tea shops and Portuguese online tea shops.

a) Mainstream Brands

The first *MTB* group of competitors is the mainstream brands (e.g. *Delta Cafés*, *Lipton* and *Tetley*). These brands have been established in Portugal for many years, they have brand awareness and a huge portfolio of products. Furthermore, they are in both retailing and out of home channels and it is expected that they will continue to innovate with new kinds of teas²³. In particular, in what concerns *Lipton* and *Tetley*, they typically sell their products in tea bags instead of loose-leaf tea as *MTB* does²⁴.

²⁰ “I was always used to drink coffee every day”. (José Manuel, 49)

²¹ For further information about the online survey please consult the Exhibit 7.

²² For further information about market shares please consult Exhibits 8 and 9.

²³ “Delta Cafés did recently a partnership with Tetley, launching a new range of three herbal teas: Delight, Refresh and Relax, in the pod format. This was something of a revolution in the market as it was the first herbal tea launched in pods”. (Euromonitor 2012a).

²⁴ To see the advantages and disadvantages of selling tea in teabags or as loose-leaf please consult the Exhibit 10.

b) International tea Brands represented in tea houses and gourmet shops

International brands are represented in several tea houses and gourmet shops in Portugal (as they do not have their own shops in the country) and focused essentially on blends and flavored teas. They are positioned as gourmet tea brands, offering high quality tea at a premium price, carefully selected from several regions of the world (e.g. *Kusmi Tea*²⁵ and *Mariage Frères*²⁶).

c) Niche Teashops

Niche teashops in Portugal are another relevant competitor of *MTB* (e.g. *Múi Tea Concept*²⁷ and *Confraria do Chá*²⁸). These kinds of stores offer a great variety of loose-leaf teas from different countries and they buy it from reputable suppliers. Although they do not sell online, their teas are very similar to the ones offered by *MTB*.

d) Online Shops

Chás do Mundo is probably the most famous online teashop in Portugal. The brand exports tea and accessories from all parts of the world²⁹. Their portfolio is composed exclusively of loose-leaf tea at accessible prices. Moreover, they sell berries and seeds.

4.4. Internal Audit

4.4.1 Company

In order to understand the activities from the moment *MTB* receives the inputs until delivers the product, a value chain analysis, with the costs allocated to each primary and secondary activity, will be performed³⁰.

²⁵ For further information about Kusmi Tea please consult <http://en.kusmitea.com/>.

²⁶ For further information about Mariage Frères please visit <http://www.mariagefreres.com/>.

²⁷ *Múi Tea Concept* offers a wide range of **exclusive** teas (more than 120 varieties) for its clients from several regions of the world (they produce their own blends and mixture and so it is not possible to find their teas in other places, as they are unique).

²⁸ *Confraria do Chá* selects their teas very carefully and they also offer a huge variety of choices. In addition, the space environment is very attractive and appealing and they also sell tea's accessories and other food that complements a cup of tea.

²⁹ For further information about *Chás do Mundo* please visit <http://www.chasdomundo.pt/>.

³⁰ Please consult the Exhibit 11 to see the costs allocated to each activity.

Primary Activities

Operations (transportation): Tea is a fragile product and it has to be carefully treated from the moment that is harvest until is packaged³¹. Transportation plays a crucial role. As a high quality tea, the brand guarantees that the plant arrives to Portugal with the quality preserved, without any loss of properties. Then, it is packaged in an aluminium foil package, that protects the plant from both air and light, preserving all the core characteristics.

Inbound Logistics (R&D): *MTB* usually imports the tea once a year, during the Spring Season, when the suppliers directly harvest the tea. Currently, the brand only has one supplier who sends the plant by post, but is looking for new ones. Tea is sent to Portugal, packaged and stored in an appropriate place in one of the co-founders' houses in Lisbon, so the inventory control is quite easily managed.

Outbound Logistics: In order to get the finished the product to the customer, *MTB* has to manage efficiently the online order and online payment (via Paypal), the inventory control and has to ensure a fast delivery.

Marketing&Sales: *MTB* uses the Internet as its distribution channel. The consumer only has to select the product that he wants to buy and make the online payment. Then, *MTB* sends a confirmation email to the purchaser with the expected arrival date (usually one week). Concerning communication, on the one hand, the brand uses the blog and social media networks (Facebook, Twitter and Google+) to promote its online shop and, on the other hand, it uses email marketing as a way of connecting to previous customers

³¹ “The enemies of tea are humidity, air and light and it is extremely important that tea is carefully stored from the moment it leaves the drying machines in the factory to its arrival in the caddy or tina at home” (Pettigrew and Richardson, 2005:73).

and driving repeated sales. Finally, *MTB* also has partnerships with other brands as a way of promoting their teas to new customers online³².

Service (Content Management and Customer Service): The Internet is the only distribution channel used, so *MTB* does not attend its customers hands on. However, all doubts and complaints can be communicated by e-mail or through the blog and are quickly answered by the brand's managers. Moreover, as the tea has to be properly prepared by the consumers, *MTB* provides all the tips for preparation in each tea package. To help to manage this process, the brand uses a service to host their online shop (Goodsie)³³.

Secondary Activities

With the goal of facilitating the primary activities, Porter identified four generic categories. In this case, procurement is the only relevant secondary activity, as the brand does not spend on technology development and HRM and the infrastructure does not exist.

Procurement: Purchasing the plant has involved in-depth research by the owners, as the tea suppliers are key partners of this business. In fact, having the top suppliers is crucial to guarantee the best quality extraction. This is the owners' responsibility. Further contacts have been developed through the blog to try to expand the number of *MTB* suppliers.

³² Tea & Cookies Photo competition with *You Can Bake* - <http://youcanbake2.blogspot.co.uk/> ; *Umami* Gourmet Box - <http://umami.com.pt/>

³³ For further information please visit <http://goodsie.com/>.

4.4.2. Collaborators

Currently, MTB has one supplier, Canton Tea Company³⁴ that sells the plant once a year. Canton is worldwide recognised for selling premium loose- leaf tea online.

MTB has currently two marketing intermediates and partners: You Can Bake and Umami. Both promote MTB's teas.

5. Swot analysis

In order to understand the internal and external environment of MTB, a SWOT analysis was performed, in which the strengths, weaknesses, opportunities and threats will be presented.

Strengths	Weaknesses
<ul style="list-style-type: none">• Healthy products• Unique range of loose-leaf tea• Attractive and updated blog• Appealing, strong and instructive package	<ul style="list-style-type: none">• Lack of brand awareness• Basic inventory control
Opportunities	Threats
<ul style="list-style-type: none">• Positive market trend• Increase of awareness of healthier habits• Increase the portfolio of products• Potential of being an ingredient for other products• Large range of accessories	<ul style="list-style-type: none">• Fierce competition in the hot drinks market• Existence of several substitutes• The benefits of tea are not yet fully perceived by the consumers

Table 1: SWOT analysis summary

6. Marketing Strategy

In this section, a marketing analysis of the market segmentation, the target segment and the brand positioning will be described. The segmentation relates to the way the market divides itself in different groups, including consumer needs and preferences. The target is the segment group that will be fulfilled by the brand. Finally, the positioning reflects how the brand wants to be seen by its target.

³⁴ For further information about Canton Tea Company please consult <http://www.cantonteaco.com/>.

6.1. Segmentation

There are approximately 5 million potential hot drinks buyers in the Portuguese market from 24 to 60 years old. This group of potential customers was divided into four different market segments according to three main criterias: frequency of consumption, attitude and seasonality³⁵:

Heavy Users (tea lovers): The ones who comply with the three segmentation criterias: drink hot tea at least once a day, consider themselves as “tea drinkers” and drink tea throughout the whole year. They are enthusiastic about high quality tea³⁶.

Medium Users: This cluster complies with one or two of the segmentation criterias: these are people who drink hot tea regularly, but do not consider themselves as “tea drinkers”. Furthermore, medium users do not drink tea in the same quantity during the year (e.g. they only consume during the winter).

Light Users: This segment only complies with one of the criterias. These customers usually drink hot tea occasionally and are still addicted to coffee (older generation).

Non-Users: This segment who simply do not drink tea and prefer to opt for other drinks.

6.2. Targeting

MTB’s target will be the heavy users (tea lovers), who drink tea daily and in the same quantity throughout the year, who are enthusiastic about high quality tea and want to be part of a community of tea lovers. They represent 5% of the sample (approximately 270.000 consumers³⁷ nationally wide).

³⁵ Based on the online survey.

³⁶ These are mainly people from 24-45 years old.

³⁷ In order to reach the target, it was multiplied 5% per the number of potential consumers.

6.3. Positioning

Positioning Statement

“To tea lovers (target), My Tea Break is a Tea Shop (frame of reference), that offers an online shop with a unique range of fine quality tea (POD), helping their customers to search for the right tea for them and understand its health benefits, how to brew and learn everything they want to know about tea through the blog (reasons to believe).”

7. Marketing Mix

The marketing mix of *MTB* will be described through the 4P's: product, price, promotion and place. Its main goal is to communicate the benefits of the brand and make it gain awareness.

7.1. Product

MTB offers an online teashop with a high quality range of loose-leaf tea. This range will be described in detail through the five benefit levels of the customer-perceived value hierarchy (Kotler et. al, 2008):

a) Core Benefit

The brand provides to its target, tea lovers, an unforgettable experience of drinking high quality tea with healthy benefits associated – the antioxidant effect help to protect against several diseases (Pettigrew et. al, 2005). The consumers can easily buy tea online and, once the package is delivered, the client can taste the unique characteristics of the plant: each infusion is an exciting new experience as the tea develops in different ways.

b) Basic Product

MTB is an online place that offers three high quality teas: White Tea *Bai Mu Dan*, Black Tea *Bai Lin Gong Fu* and *Flowering Green Tea*, all imported from China.

White Tea Bai Mu Dan: the purest tea as it does not go through any oxidation process (it has more antioxidants than the others, as the plant barely changes³⁸). Each infusion gives a different flavour, the tea has sweet after-taste and can also be drunk cold.

Black Tea Bai Lin Gong Fu: a pure full-oxidised tea, with hints of caramel. It is also composed of theine, which provides energy all day long.

Flowering Green Tea (Flavoured Tea): the only tea that is flavoured, as flowers³⁹ were added to the plant. This is considered the “sexiest” element of the range, as the consumer has the opportunity to watch the plant opening into the water, which is an unique experience. This is also the most expensive tea because it is hand made.

Another relevant element of *MTB*’s basic product is the packaging. It is all made of aluminium to protect tea from light and air, preserving all the core properties of the plant⁴⁰. The package includes the brand logo, the name and type of tea, the place of origin, the temperature and the infusion time, the validity, the quantity (50g) and the brand’s website⁴¹.

c) Expected Product

It is expected that the customer become more and more enthusiastic about loose-leaf tea and share their experiences within the community of tea lovers through the blog and social media networks.

³⁸ “When brewed they give a very pale, champagne-coloured liquor that has a very light, soft, sweet, velvety flavour. The antioxidant levels are said to be higher than in other types of tea” (Pettigrew and Richardson, 2005:40)

³⁹ Green tea, Marigold and Chinese Lily; Green Tea, Jasmine, Marigold and globe Amaranth; Green Tea, globe Amaranth and Hibiscus

⁴⁰ “For smaller-leafed varieties, chests and cartons have generally been replaced by paper sacks that are made from several layers of tough paper and aluminium foil, strong and thick enough to keep flavour in and humidity and odours out”. (Pettigrew and Richardson, 2005:72)

⁴¹ To see *MTB*’s package, please consult exhibit 12.

d) Augmented Product

MTB provides frequent sharing of knowledge through the blog and social media. Therefore, both *MTB* members and the tea lovers' community have the opportunity to interact between them, to share their experiences, recent news, curiosities and innovations on the market. This will allow the creation of a community, addicted to this market. Each small experience is an opportunity to share with other members. Through the blog, *MTB* can also receive feedback from their followers and find ways to improve in the future.

e) Potential Service/Product

At this point, three potential products/services are suggested: (i) *MTB* can optimize their website to mobiles as a potential service to complement their web based service (mobile and tablet apps); (ii) *MTB*'s accessories (teapots, infusers, etc) to complement the basic offer; (iii) "tea shot" concept, an offer that *MTB* could create to compete with coffee⁴².

7.2. Price

There are several pricing strategies than can be adopted by the companies according to the target segmentation characteristics and expectations.

From *MTB*'s perspective, which finds support in this work project, the price reflects the high quality of its offer and its subsequent health benefits. As it is a premium online teashop, all the details are important to guarantee a top product delivery and a pleasant experience. Therefore, it is proposed to keep *MTB*'s premium pricing strategy⁴³.

⁴² The idea is to create a small package of tea with the exact required quantity needed to concentrate in cup of coffee and sell it (via online and offline as a tea experience) as a product similar to coffee in terms of concept, but much more valuable due to their healthy and energetic effects.

⁴³ Please consult Exhibit 13 to see the prices and costs of each tea.

7.3. Promotion

With the goal of reaching the tea lovers, *MTB*'s promotion strategy will be develop to create attention, interest, desire and action (AIDA model)⁴⁴.

a) Strategy to create attention

MTB aims to be the most recognized online teashop in Portugal. Although the online communication is essential, the offline one is crucial to leverage the first one and help the brand to gain awareness in the market. Concerning the offline communication it is proposed the following: (i) an article in Time Out Magazine to promote events and to share information about the brand; (ii) organization of regular events (twice a year) in the main two cities of Portugal - Lisbon and Oporto⁴⁵ - in rented and trendy spaces to prompt brand awareness and customer experience. In exchange, the consumers would only have to like *MTB*'s Facebook page and share their experience in the blog. *MTB* would have to focus on PR instruments to communicate these events and that to gain a favorable reputation among tea lovers; (iii) a "tea shot" concept to be drunk in the end of the meal would be another creative way to provoke attention, as it is a totally innovative concept associated to healthy and energetic benefits. At this point, once the "tea shot" offer is created, *MTB* could start promoting it in several restaurants and "cafés", convincing them to offer to the final consumer as a substitute of the traditional coffee⁴⁶.

Regarding the online communication, and as the concept goes further than an online teashop, *MTB* has also to invest constantly online: (i) focus on their ad-words strategy

⁴⁴ The integrated marketing tools are displayed in the Exhibit 14.

⁴⁵ This event would be quite similar with what the Haagen-Dazs did in Lisbon. (<http://www.briefing.pt/marketing/11308-haagen-dazs-abre-secret-sensations-lounge-em-lisboa.html>).

⁴⁶ Please note that this action has a unique goal of creating tea experience.

on websites and online services where their target segment is surfing and (ii) use the social networks and email marketing.

b) Strategy to create interest

The next step is to find ways to create interest. Here, it is proposed to promote a word of mouth strategy: (i) *MTB* can use direct marketing to gain target customers interest, showing clearly the practical benefits of the online shop: a functional and friendly website that offers premium tea; ii) the brand can take advantage of the consumers who already experienced the online shop, inviting them to share their experiences with other friends⁴⁷; (iii) *MTB* can also use the blog, introducing more interactive tools (e.g. a chat room) to create interest among the virtual community, sharing interesting information and articles about the market. A “chat room”, where tea lovers could meet online and interact between each other, would arouse curiosity and increase interest in the brand.

c) Strategy to create desire

Desire is a natural extension of interest. After gaining consumers’ attention and obtained their interest, it is important to create desire, communicating how and what is being offered can help the consumer in a real way. Thus, it is recommended the following: (i) regular funny films uploaded in the social media to: a) communicate the health benefits of each tea; b) communicate the ways of preparing tea; c) invite famous Chinese producers that would share their knowledge about the origin of the plant and all the treatment process.

d) Strategy to create action

The final step is getting the potential customer to take action. All previous communication and interaction techniques proposed are believed to be attractive enough to encourage the consumer to visit the online shop and buy *MTB*’s teas. In order to be

⁴⁷ In exchange, it could be offer one *MTB*’s tea.

considered trustworthy online, *MTB* should provide comments from customers that have already experienced the website. Finally, contests could also be held on social media to facilitate the buying process.

7.4. Place

Placement has to do with the availability of the products supplied by the brand and it has to be focused on the target the brand wants to reach.

The *MTB* distribution channel is, in fact, the Internet. The consumer can buy teas through the online shop in a fast way. The shop is in the website, but the buyer can also ways to access to it through social media networks. Distribution is made by post. As soon as the brand receives the order, an email is sent to the consumer with the expected arrival date (usually one week).

As already explained, the proposed offline events and actions have the unique goal of promoting customer experience and make the brand gain awareness.

8. Implementation Plan (4M'S)

To complement all the previous analysis it was used the 4M's approach (Men, Money, Minute, Memo) as a method to identify and schedule the activities of the implementation plan for the year 2014 and project the following five years⁴⁸.

8.1 Men

The brand expects to grow 5% on average. As the management team only has two members, it would be necessary to hire another person to manage the customer service, which is an essential task to keep in touch with followers and create long-term relationships.

⁴⁸ Although the plan is for the year of 2014, the communication will start in the end of 2013.

Concerning communication events, *MTB* would need to: (i) hire a PR and (ii) hire staff that guarantees the high quality of the events.

8.2. Money

The company will incur in the following costs: (i) wages of the new employee; (ii) events' communication: a) spaces rent, b) public relations, c) staff; (iii) exclusive article in Time Out magazine; (iv) online costs (mainly Google ad-words and Facebook ads); (v) innovation initiatives costs: a) an app for tablets and mobiles, b) accessories, c) "tea shot" concept.

8.3. Memo

Table 2 represents the range of initiatives that have to be taken to achieve the objectives.

	Objectives	Measurement	Target	Initiative
Financial	<ul style="list-style-type: none"> Increase sales revenues 	<ul style="list-style-type: none"> Number of customers 	<ul style="list-style-type: none"> 10% of the target (around 25.000 consumers) 	<ul style="list-style-type: none"> Physical events Strong presence online Innovation: app, chat room, tea shot, accessories
Customer	<ul style="list-style-type: none"> Create brand awareness Ensure customer satisfaction 	<ul style="list-style-type: none"> Market research Consumers' comments 	<ul style="list-style-type: none"> 30% of the target 	<ul style="list-style-type: none"> Physical events Strong online presence Innovation
Internal	<ul style="list-style-type: none"> Recruit one employee with know - how in this market to manage the customer service 	<ul style="list-style-type: none"> Level of training 	<ul style="list-style-type: none"> One person with know-how in this market 	<ul style="list-style-type: none"> Training
Learning	<ul style="list-style-type: none"> Improve communication with customers 	<ul style="list-style-type: none"> Efficient communication 	<ul style="list-style-type: none"> Increase customer's satisfaction 	<ul style="list-style-type: none"> Close relationship

Table 2: Memo

(Source: primary data)

8.4. Minute

Table 3 represents the schedule of activities for 2014 and the possible dependency on each other⁴⁹.

	Activity	Duration	Dependency
Act. 1	Hire a Customer Service Manager	1 month	
Act. 2	Training the new employee	1 month	Act. 1
Act. 3	Hire a PR	2 months	
Act. 4	Find two strategic places	1 month	
Act. 5	Figure in Time Out Magazine	1 month	
Act. 6	Hire staff	1 months	Act.4 and 5
Act. 7	Training staff	2 months	Act. 4 and 6
Act. 8	Event in Lisbon	4 days	Act. 4
Act. 9	Event in Oporto	1 month later	Act. 4
Act. 9	Strong Online Communication	Continuously	

Table 3: Minute

(Source: primary data)

9. Profit & Loss Statement

Finally, the exhibit 20 shows the prediction of sales for the next five years taking into the account the % of the target that the brand intends to reach, all the communication strategy behind it and all the costs throughout the years⁵⁰.

⁴⁹ Exhibit 15 shows the display of each activity throughout the year of 2014.

⁵⁰ All the assumptions and supported tables are in the Exhibit 16.

	2014	2015	2016	2017	2018
Income					
Operating Revenues:					
Online Sales:	575 000,00 €	603 750,00 €	633 937,50 €	665 634,38 €	698 916,09 €
Total Operating Revenues	575 000 €	603 750 €	633 938 €	665 634 €	698 916 €
COGS:					
White Tea (per 50g)	69 900,00 €	73 395,00 €	77 064,75 €	80 917,99 €	84 963,89 €
Black Tea (per 50g)	69 900,00 €	73 395,00 €	77 064,75 €	80 917,99 €	84 963,89 €
Green Tea with flowers (per 50g)	122 400,00 €	128 520,00 €	134 946,00 €	141 693,30 €	148 777,97 €
Transportation	7 200,00 €	7 560,00 €	7 938,00 €	8 334,90 €	8 751,65 €
Package	25 200,00 €	26 460,00 €	27 783,00 €	29 172,15 €	30 630,76 €
Stickers	45 000,00 €	47 250,00 €	49 612,50 €	52 093,13 €	54 697,78 €
Tea Shot Concept	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €
Accessories		1 000,00 €	1 050,00 €	1 102,50 €	1 157,63 €
Total COGS	340 100,00 €	358 080,00 €	375 959,00 €	394 731,95 €	414 443,55 €
Gross Profit	234 900,00 €	245 670,00 €	257 978,50 €	270 902,43 €	284 472,55 €
Expenses					
Online Communication	3 000,00 €	3 000,00 €	3 000,00 €	3 000,00 €	3 000,00 €
Physical Events	2 000,00 €	2 000,00 €	2 000,00 €	2 000,00 €	2 000,00 €
Public Relations	4 000,00 €	4 000,00 €	4 000,00 €	4 000,00 €	4 000,00 €
HR (CRM Manager)	600,00 €	660,00 €	726,00 €	798,60 €	878,46 €
Traveling Expenses		4 000,00 €	4 000,00 €	4 000,00 €	4 000,00 €
Mobile Ap		5 000,00 €	5 000,00 €	5 000,00 €	5 000,00 €
Total Operating Expenses	9 600,00 €	18 660,00 €	18 726,00 €	18 798,60 €	18 878,46 €
EBITDA	225 300,00 €	227 010,00 €	239 252,50 €	252 103,83 €	265 594,09 €

Table 4: Profit and Loss statement

(Source: primary data)

10. Conclusion

This work project proposes a 5-year business plan for the brand *MTB*, a premium online teashop.

After a deep market research, it was concluded that, due to the growing consumption of tea in Portugal and the increasing conscious about the health benefits of tea, there was an opportunity for *MTB* to be established in the market with its creative concept – an online shop with an unique range of loose-leaf tea. Thus, after reaching a significant target number of tea lovers, a communication plan was proposed to reach 10% of the target (around 25.000 consumers). The main objectives of the plan were to create brand awareness and tea experience, promoting physical events and an effective online communication. Several ideas were proposed: (i) the “tea shot” concept (that would compete with the instant coffee); (ii) the online tea room (to improve interaction between tea lovers); (iii) the *MTB*’s accessories (to add value to the basic offer); (iv) an online application (to complement the web based service). After performing all the expected profits and losses it was concluded that the project is feasible, having an EBITDA of 225.300,00€ in the first year and reaching the break-even point also in this year.

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